USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Template Version 2.08

Required Report - public distribution

Date: 7/26/2004

GAIN Report Number: TS4006

Tunisia

Grain and Feed

Annual

2004

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Report Highlights:
MY 2004/05 aggregate cereal output is estimated at 2.3 MMT. MY 2004/05 overall wheat imports are forecast higher than those accrued during the preceding marketing year.

The US wheat exports made a noticeable comeback in MY 2003/04 (Jul/Jun) whereas US corn is on track to capture one of the greatest market shares ever recorded at the completion of the current MY 2003/04 (Oct/Sep).

Includes PSD Changes: No
Includes Trade Matrix: No
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I- SITUATION AND OUTLOOK

Production

MY 2003/04 (July/June) started with a relatively bountiful cereal crop (winter wheat and barley). The official figure released in early October, 2003 (nearly two months after the harvest's completion) put the aggregate cereal production at a record high 2.9 MMT, well above Post's initial estimate of 1.9 MMT.

Higher-than-expected plantings combined to reportedly bigger yields led us to revise the total cereal output upward at 2.3 MMT. Post continues to consider the 2.9 MMT official figure somewhat inflated given the underlying huge yields uncorroborated by historical achievements. In addition, the actual cereal quantity collected (around 1.2 MMT) by the state-run office of cereals and its affiliated cooperatives puts the overall collection rate at nearly 40 percent, a rather low rate if compared, once again, to historical records.

MY 2004/05 cereal crop is poised to reach a similar volume (2.3 MMT) thanks to plentiful and timely rainfall throughout the entire crop season. However, relatively heavy late-season rains occurred at mid-June 2004 and slightly delayed the underway harvest. These rains affected mainly the wheat-growing northern wheat provinces and are believed to having undermined the quality of the crop, as light test weights combined to some fungus damages are reportedly becoming an issue.

Wheat Production

The MY 2003/04 wheat production estimate is revised upward to reflect both larger-than-expected harvested cropland and yield. Durum wheat made up 83 percent of the entire production whereas soft wheat accounted for the reminder. The MY 2003/04 overall wheat production estimate is corroborated by the wheat quantity actually collected (approximately 1 MMT): The quantity of wheat (both durum and soft wheat) collected by the state-run Office des Cereals and its affiliated cooperatives historically hovers around the two-thirds of the overall output.

Outlook for MY 2004/05 is tentatively set to reflect an equivalent crop in terms of volume. Wheat quality, however, is likely to be noticeably lower given the test weights recently reported by some farmers.

Barley Production

MY 2003/04 barley production has also been revised upward to take into account more favorable growing conditions. MY 2004/05 barley output is set to be equivalent to the one recorded the year before.

Consumption

The overall wheat utilization continues to be steady at around 2.4 MMT. Each year up to 200,000 MT are earmarked for seeding purposes. The remaining quantity (2.2 MMT) is channeled to the milling industry to cover the needs of a 10-million population.

Baking flour derived from soft wheat accounts for roughly 40 percent of the milling output whereas durum wheat semolina and products thereof (pasta & couscous) make up the balance.

Coarse grains' (barley and corn) quasi-exclusive utilization is livestock feeding. Barley consumption is erratic. It tends to soar during drought seasons, as barley is over-fed to cattle to make up the shortage of green forage. During MY 2003/04 consumption went down significantly while supply was noticeably on the high. Some barley is reportedly being incorporated into poultry compound feed in an attempt to diversify barley usage and, in the same time, to lessen reliance on corn.

The latter, entirely imported, continues to be the mainstay of poultry feeding but is increasingly perceived by the end-users as too expensive.

Trade

MY 2003/04 wheat imports receded drastically on account of larger domestic wheat supply. The reduction is more pronounced for durum wheat (103,7 thousand MT imported in MY 2003/2004 vs. 843.5 thousand MT in the preceding marketing year) than for soft wheat of which Tunisia has a structural deficit no matter good is the harvest.

MY 2004/05 import forecast reflects a substantial increase compared to the preceding year. This increase is driven by both the likelihood of some quality-related post-harvest lost and some inventory building in an attempt to near the official stocks-to-use target of 25 percent. This target has not been met in recent years due to substantial drought-driven stock drawdowns.

In MY 2003/04, the EU provided the bulk of the wheat shipped into Tunisia. The US came in second, taking on nearly 17 percent of the Tunisia's wheat imports. Although overall MY 2003/04 wheat imports shrank by nearly 56 percent, the US exporters, benefiting from a competition lull, were able to ship nearly six-fold the quantity shipped the previous marketing year.

Tunisian Wheat exports entirely made up of wheat products (flour, semolina and products thereof) to Libya and some sub-Saharan African countries sharply decreased from the all-time record reported in MY 2002/03.

MY 2003/04 Barley imports are nil as Tunisia's needs were and continue to be met by the large domestic barley crop and by a profusion of local fodder. We expect this situation to prevail over the next two years or so.

MY 2003/04 (July/June) overall corn imports were slightly down compared to those reported in the preceding marketing year. The demand got back to its normal level at around 700 thousand MT after experiencing a conjunctural upsurge recorded in MY 2001/02 during which corn was over-fed to cattle to offset acute shortage of green fodder. MY 2004/05 forecast pegged corn overall imports at an identical level as corn consumption is expected to remain constant despite talks on incorporating some barley in poultry feed formulas.

Current MY 2003/04 (Oct/Sep) US-origin corn shipments into Tunisia are proceeding at a relatively high pace as a result of shrinking competition from Argentina and, at a lesser extent, from Brazil. US-origin corn is poised to capture the greatest mark share in recent memory when the marketing year wraps up next September after a lackluster performance posted a year before.

Policy

Farm gate prices for wheat and barley remain unchanged for the fifth year in a row at respectively TD 290 per MT for durum wheat (equivalent to US$ 232 per MT at the current exchange rate of US$ 1.00/TD 1.25), TD 260 per MT for bread wheat (equivalent to US$ 208 per MT) and TD 170 per MT for barley (equivalent to US$ 136 per MT).

There are still rumors that the office of cereal is ready to loosen its grip on wheat imports and allow private Tunisian traders/millers to directly tender for wheat. The GOT has actually been pondering this move in the recent years but continues to be reluctant to the opening-up of what is considered a strategic sector with multiple social implications both upstream at the farmers' level and downstream at the consumers' level.

From the US wheat industry perspective, it is believed that a liberalized Tunisian wheat market is likely to be more quality-responsive and thus US wheat will be in a better position to compete against low-quality, less-expensive wheat sourced from other countries.

II-STATISTICAL SECTION

PSD Table						
Country	Tunisia					
Commodity	Wheat				(1000 HA)(1000 MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		07/2002		07/2003		07/2004
Area Harvested	755	755	850	900	900	900
Beginning Stocks	840	655	788	440	688	400
Production	420	420	1300	1600	1300	1600
TOTAL Mkt. Yr. Imports	2167	1955	1100	850	1200	1100
Jul-Jun Imports	2167	1955	1100	850	1200	1100
Jul-Jun Import U.S.	25	25	0	148	0	150
TOTAL SUPPLY	3427	3030	3188	2890	3188	3100
TOTAL Mkt. Yr. Exports	189	190	100	90	100	100
Jul-Jun Exports	189	190	100	90	100	100
Feed Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	2450	2400	2400	2400	2450	2400
Ending Stocks	788	440	688	400	638	600
TOTAL DISTRIBUTION	3427	3030	3188	2890	3188	3100

Export Trade Matrix			
Country	Tunisia		
Commodity	Wheat		
Time Period	MY	Units:	1,000 MT
Exports for:	**2002**		**2003**
U.S.	1	U.S.	1
Others		Others	
Libya	87	Libya	24
Ivory Coast	24	Senegal	4
Niger	30	Niger	19
Total for Others	141		47
Others not Listed	48		43
Grand Total	**190**		**90**

Import Trade Matrix			
Country	Tunisia		
Commodity	Wheat		
Time Period	MY	Units:	1,000 MT
Imports for:	**2002**		**2003**
U.S.	25	U.S.	148
Others		Others	
Canada	350	France	350
Kazakhstan	104	Spain	70
Ukraine	432	Russia	99
Greece	130		
Argentina	226		
Spain	219		
France	98		
Russia	87		
Total for Others	1646		519
Others not Listed	284		183
Grand Total	**1955**		**850**

Barley

PSD Table						
Country	**Tunisia**					
Commodity	**Barley**				(1000 HA)(1000 MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		07/2002		07/2003		07/2004
Area Harvested	400	150	540	550	500	550
Beginning Stocks	190	305	76	100	61	150
Production	90	90	625	700	500	700
TOTAL Mkt. Yr. Imports	446	455	10	0	150	0
Oct-Sep Imports	312	380	50	0	100	0
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	726	850	711	800	711	850
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Oct-Sep Exports	0	0	0	0	0	0
Feed Dom. Consumption	600	700	600	600	600	600
TOTAL Dom. Consumption	650	750	650	650	650	650
Ending Stocks	76	100	61	150	61	200
TOTAL DISTRIBUTION	726	850	711	800	711	850

Import Trade Matrix			
Country	Tunisia		
Commodity	Barley		
Time Period	MY	Units:	
Imports for:	**2002**		**2003**
U.S.	0	U.S.	0
Others		Others	
Ukraine	221		
Germany	25		
France	83		
Bulgaria	56		
Russia	70		
Total for Others	0		0
Others not Listed			
Grand Total	**455**		**0**

Corn

PSD Table						
Country	Tunisia					
Commodity	Corn				(1000 HA)(1000 MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		07/2002		07/2003		07/2004
Area Harvested	1	1	1	1	1	1
Beginning Stocks	8	74	5	80	6	61
Production	1	1	1	1	1	1
TOTAL Mkt. Yr. Imports	746	705	800	680	800	680
Oct-Sep Imports	734	664	800	700	800	700
Oct-Sep Import U.S.	144	144	0	550	0	450
TOTAL SUPPLY	755	780	806	761	807	741
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Oct-Sep Exports	0	0	0	0	0	0
Feed Dom. Consumption	750	0	800	700	800	700
TOTAL Dom. Consumption	750	0	800	700	800	700
Ending Stocks	5	0	6	61	7	41
TOTAL DISTRIBUTION	755	0	806	761	807	741

Import Trade Matrix			
Country	Tunisia		
Commodity	Corn		
Time Period	CY	Units:	
Imports for:	**2002**		**2003**
U.S.	563	U.S.	177
Others		Others	
Argentina	196	Argentina	307
Brazil	24	Ukraine	73
Hungary	42		
Ukraine	30		
Total for Others	0		0
Others not Listed	30		49
Grand Total	**885**		**606**